

Message Text

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TAGS: AFIN, AFSP, ECON, EFIN, GR

SUBJECT: GOVERNMENT ANNOUNCES NEW ECONOMIC MEASURES
INCLUDING PEGGING OF PRICES OF BASIC FOODSTUFFS
AND SERVICES

1. COMMERCE MINISTER ANASTASSOPOULOS ANNOUNCED MARCH
9 NEW MEASURES WITH IMMEDIATE EFFECT DESIGNED TO "STRENGTHEN
MONETARY AND ECONOMIC STABILITY" AND "SAFEGUARD PURCHASING
POWER OF LOW INCOME GROUPS."

2. NEW MEASURES PROVIDE FOR:

(A) ABOLISHMENT OF QUANTITATIVE RESTRICTIONS ON IMPORTS
OF PASSENGER CARS, TV SETS AND A SERIES OF OTHER ITEMS
TO BE ANNOUNCED SHORTLY.

(B) ESTABLISHMENT OF NEW IMPORT COMMODITY LISTS PROVIDING
FOR INCREASES IN REQUIRED ADVANCE PREPAYMENTS ON A NUMBER
OF IMPORTED PRODUCTS AND EXTENSION OF PERIOD SUCH PREPAYMENTS
MUST REMAIN ON DEPOSIT WITH COMMERCIAL BANKS. THESE NEW
LISTS ARE TO BE GAZETTED MARCH 11 AND WILL BE REPORTED
UNDER SEPARATE AIRGRAM. THEY WILL COMPRISE LUXURY AND
SEMI-LUXURY ITEMS INCLUDING IMPORTED ITEMS ON WHICH
QUANTITATIVE RESTRICTIONS HAVE BEEN WAIVED AND WILL
BE EFFECTIVE UNTIL END OF 1974.

(C) PEGGING OF PRICES OF CERTAIN BASIC FOODSTUFFS AND
SERVICES THROUGHOUT 1974, INCLUDING MEAT IN GENERAL; SOFT
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AND HARD CHEESE; FRESH, PASTEURIZED AND EVAPORATED MILK;

RICE; PUSLES; OLIVE OIL; SEED OIL; POTATOES; SUGAR; BREAD;
PASTA; EGGS; ELECTRIC POWER RATES, AND URBAN TRANSPORT FARES.

3. EXPORTATION OF FOLLOWING ITEMS WILL HENCEFORTH BE SUBJECT
TO PRIOR APPROVAL BY MINISTRY OF COMMERCE; PLASTIC MATERIALS
AND PLASTIC PRODUCTS; WOOD PULP; ALL KINDS OF PAPER AND
CARDBOARD; SEMI-PROCESSED HIDES AND SKINS; LINSEED CAKE;
PALM KERNEL MEAL; BALING WIRE; IRON SHEETS AND PROFILES;
METAL DRUMS; ASBESTOS.

4. MINISTER (REFERRING OBLIQUELY TO EXISTENCE OF MARKET
POLICE) EMPHASIZED THAT GOG MAINTAINS MECHANISM FOR
STABILIZING PRICES OF ABOVE-MENTIONED COMMODITIES AND
FOR THWARTING PROFITEERING AND SPECULATION.

COMMENT: NOTWITHSTANDING PRO FORMA ABOLITION OF IMPORT
QUOTAS MENTIONED PARA 2(A), IMPORT-RELATED MEASURES CLEARLY
SEEK MINIMIZE INFLOW LUXURY ITEMS FROM ABROAD. MEASURES DO
NOT COME AS GREAT SURPRISE SINCE SUCH AN ADMINISTRATIVE
APPROACH TO IMPORT RESTRICTION ANTICIPATED IN ATHENS ECONOMIC
CIRCLES SINCE END OF 1973. RE-IMPOSITION OF PRICE CONTROLS FOR
CERTAIN FOODS AND SERVICES SOMEWHAT MORE SURPRISING,
PARTICULARLY IN LIGHT OF COMPLETE FAILURE OF PREVIOUSLY
ATTEMPTED PROGRAM (ENDED BY MARKEZINIS GOVERNMENT) WHICH
RESULTED IN SERIOUS MISALLOCATION RESOURCES IN AGRICULTURAL
SECTOR, HELPED CREATE SHORTAGES AND DEVELOPMENT
BLACK MARKET.
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